

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7580

BILL NUMBER: HB 1660

NOTE PREPARED: Feb 20, 2009

BILL AMENDED: Feb 19, 2009

SUBJECT: Transportation.

FIRST AUTHOR: Rep. Austin

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Regional Transportation Districts:* The bill permits counties to establish a regional transportation district (RTD) to plan, design, acquire, construct, enlarge, improve, renovate, maintain, equip, finance, operate, and support public transportation systems.

Permitted Funding: The bill permits the creation of allocation areas, the establishment of a special allocation of county adjusted gross income taxes or county option income taxes, and the imposition of a county economic development income tax, or a special benefits property tax to provide funding to RTDs

Mergers: The bill permits other public transportation agencies to merge into a RTD.

Deputy Commissioner: The bill authorizes the Governor to appoint a Deputy Commissioner for the Department of Transportation (INDOT) to assist the Commissioner with the public transportation responsibilities of the INDOT.

Appropriations: The bill appropriates federal stimulus money to certain mass transportation projects or agencies.

Effective Date: Upon passage, July 1, 2008 (retroactive).

Explanation of State Expenditures: (Revised) *Deputy Commissioner:* Costs for salary and benefits may increase if the Governor appoints a Deputy Commissioner in INDOT. There are eight deputy commissioners in the INDOT executive office with an average annual salary of \$101,900. Assuming fringe benefits and

indirect costs of about \$28,770, the total cost for the additional Deputy Commissioner is about \$130,670. The increase in cost will depend on whether a new employee is appointed or an existing employee is reassigned.

Background -

INDOT Deputy Commissioner: The deputy commissioner will work with RTDs to develop comprehensive long-range plans, work with public transportation agencies, and develop and maintain effective communication between public transportation agencies and INDOT.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill will have indeterminate fiscal impact depending on the actions of counties in establishing RTDs, the method by which the county elects to fund its participation in the RTD, and the projects, contracts, mergers or leases undertaken by the RTD.

Background - RTDs: An RTD may be established by resolution of the fiscal board of the county. Two or more counties may jointly establish a district by adopting identical resolutions, or RTDs may expand by resolution of the county or counties to be added and a majority of the counties in the RTD. A county must be a member of the district for at least 10 years. An existing public transportation agency operating within an RTD may merge with the RTD, but may not convey any powers to the RTD that are not public transportation powers.

Governing Board: The RTD is a body corporate and politic, separate from the state and other political subdivisions. The power to govern is vested in the regional transportation board that is comprised of one member from the fiscal body of, one member of the county executive of, and one member from each city in each participating county. A board member does not receive compensation, but may be entitled to a per diem from the district for board meetings. The board must meet at least quarterly.

Reporting: The board is to adopt a budget for the RTD and may establish funds and accounts, as necessary. The RTD is to report to the Legislative Council, the Budget Committee, and the Governor concerning the operations and activities of the RTD during the calendar year by April 1 of each year. The RTD is to prepare a comprehensive strategic plan that will meet present and future public transportation needs, and is to submit the plan for review by the Budget Committee by January 1 of year following the establishment of the RTD.

Authority: The RTD is given 25 general powers, including matters of internal organization and operating procedures and the employment of staff. The RTD may provide public transportation services directly or through an operating agreement; issue bonds to acquire real or personal property, for projects, or fund or refund indebtedness; and enter into leases. Bonds must have a 40-year maturity, and the RTD may only sell bonds to the Indiana Bond Bank or the Indiana Finance Authority. Bonds are payable from lease rentals. A lease may not exceed 40 years in term.

Advisory Committees: The board may establish advisory committees.

Explanation of Local Revenues: (Revised) *RTD Funding:* The bill requires each public transportation agency, participating county, city, or town to transfer the amounts agreed to and approved by their boards and fiscal bodies. The funds for transfer may come from unrestricted sources of revenue. A county within an RTD may impose a county economic development income tax: The additional tax rate is 0.25%, or 0.05% on the adjusted

gross income of county taxpayers. The tax is to be placed in a county regional transportation fund by the county treasurer for transfer to the RTD treasurer within 30 days of deposit in the county fund. The amount collected may not be considered by the Department of Local Government Finance in determining the county's maximum permissible property tax.

The county fiscal body of a member county may elect to provide a part of the county's total certified shares from CAGIT or COIT to the RTD. CAGIT and COIT certified shares are currently distributed to the civil taxing units in the county. A distribution to the RTD would reduce the amount distributed to the civil taxing units. In CY 2008, CAGIT certified shares in 56 counties totaled \$290 M. COIT certified shares amounted to \$497 M in 28 counties.

The RTD board may also establish a TIF-like allocation area. The RTD allocation area could not overlap any existing TIF allocation areas and would expire within 25 years. The base AV in the allocation area would equal the AV on the date that the area is created plus any new residential AV added after the area is created. New personal property AV would also be counted in the base AV amount unless the RTD board resolves to allocate a portion of it. The board could allocate personal property AV attributable to depreciable property with a useful life of greater than eight years.

Property taxes paid on the allocated assessed value would be captured and transferred to the RTD. The total amount of taxes captured from allocated personal property may not exceed 25% (or a lower amount adopted by the board) of the total taxes paid in all personal property in the district. Property taxes imposed for a fire protection district or on rail car company property would not be captured.

In addition to the revenue from the allocation of new AV, the RTD board would be permitted to levy a special tax on all property in the allocation area to pay debt.

Appropriations: Beginning in July 1, 2008 and ending June 30, 2009, the bill makes the following appropriations from the federal American Recovery and Reinvestment Act of 2009 once the apportionment is received:

Grant Recipient	Purpose	Amount
Northern Indiana Commuter Transportation District	Relocate rail lines to west side of South Bend airport	\$15 M
Northern Indiana Commuter Transportation District	Conduct preliminary engineering and environmental studies and activities for Phase 1 of the West Lake line	\$15 M
Northern Indiana Commuter Transportation District	Railroad track safety and efficiency improvements in Michigan City	\$ 5 M
Central Indiana Regional Transportation District	Advance the proposed rail transit for the northeast corridor of central Indiana	\$15 M
Indianapolis Public Transportation Corporation	Purposes authorized under IC 36-9-4	\$ 3 M

Grant recipients are required to file financial statements showing the use of the granted funds with the State

Budget Agency.

State Agencies Affected: Governor; INDOT; Department of Local Government Finance.

Local Agencies Affected: Counties choosing to form RTDs.

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106; Bob Sigalow, 317-232-9859.